

SCORING LEVEL DEFINITIONS FOR THE SEVEN TSEP STATUTORY PRIORITIES THAT WILL BE USED FOR APPLICATIONS RECEIVED IN 2006

Note: There are numerous variables involved in scoring each of the seven statutory priorities. As a result, the point level ultimately assigned may be higher or lower than what the scoring level definitions would typically suggest. In addition, because of continuing efforts to clarify the scoring level definitions, they may be modified during the application review process.

Statutory Priority #1 - Projects that solve urgent and serious public health or safety problems, or that enable local governments to meet state or federal health or safety standards.

Important note for projects with multiple phases that will pursue additional TSEP/CDBG funds for later phases: The score level assigned will be based on the phase of the proposed project for which TSEP funds are being requested and the specific deficiencies that would be resolved. If the applicant has not clearly defined what will be accomplished in the proposed project, for which TSEP funds are being requested, and which deficiencies would be resolved, the score level may be reduced.

- Level 1 The Applicant did not sufficiently demonstrate that it has a deficiency in its (*type*) system that could seriously affect the public's health and safety.
- ❑ Typically, this level is assigned when the applicant does not submit the required preliminary engineering information that would allow the TSEP staff to adequately evaluate the needs of the system.
 - ❑ This level may also be assigned when the applicant was unable to document a serious or credible threat to public health and safety or the environment. The claimed deficiency may be related to routine operations and maintenance issues.
- Level 2 The applicant sufficiently documented deficiencies in the (*type*) system that could potentially affect the public's health and safety at some point in the future if the deficiencies are not corrected. However, the problems have not been documented to have occurred yet and the deficiencies are not considered to be a serious threat to public health or safety.
- ❑ This level may also be assigned if the applicant has not adequately shown that the deficiencies, which would otherwise be scored at a higher level, would be resolved.
- Level 3 The Applicant sufficiently demonstrated that serious consequences (such as illness, disease, injury, or environmental pollution) attributable to the deficiencies in the (*type*) system are likely to occur in the long-term if the deficiency is not corrected. These serious problems have a high probability of occurrence after chronic exposure and some reasonable probability of occurrence in the near-term as a result of incidental, short-term or casual contact. The applicant has adequately documented the deficiency and potential impact on the public's health and safety.
- Level 4 The Applicant sufficiently demonstrated that serious consequences (such as illness, disease, injury, or environmental pollution) clearly attributable to the deficiencies in the (*type*) system are likely to occur in the near term. There is a high probability of significantly serious consequences after chronic exposure (exposure over many years). The applicant adequately documented the deficiency and potential impact on the public's health and safety.
- Level 5 The Applicant sufficiently demonstrated that serious consequences (such as illness, disease, injury, or environmental pollution) clearly attributable to the deficiencies in the (*type*) system

have occurred or are imminent. The applicant clearly documented the deficiency and impact on the public's health and safety.

Statutory Priority #2 – Projects that reflect greater need for financial assistance than other projects.

This priority will be automatically scored using a computer analysis that is based on predetermined parameters. However for some types of projects, such as bridge projects, that are not analyzed using the automated target rate analysis, the point level scores for the second financial indicator will be manually inserted into the automated analysis. In addition, the computer assigned score may be manually increased if the applicant adequately documents that dramatic economic or demographic changes have occurred since the 2000 census.

Statutory Priority #3 - Projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs.

Important note for projects with multiple phases that will pursue additional TSEP/CDBG funds for later phases: If the applicant has not clearly defined what will be accomplished in the proposed project, for which TSEP funds are being requested, and which deficiencies would be resolved, the score level may be reduced.

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| Level 1 | The Applicant did not demonstrate that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The application did not provide sufficient information to properly review the proposed project. Either the preliminary engineering report was not submitted with the application, or if it was submitted, did not address numerous critical issues needed to evaluate the project proposed by the Applicant. |
| Level 2 | The Applicant inadequately demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The preliminary engineering report was incomplete and there were some <u>significantly important issues</u> that were not adequately addressed, <u>which raised serious questions regarding the appropriateness of the solution selected by the Applicant.</u> |
| Level 3 | The Applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. While the preliminary engineering report is generally complete, there were some <u>potentially important issues</u> that were not adequately addressed. However, it does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the Applicant. |
| Level 4 | The Applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The preliminary engineering report is generally complete and there were only <u>minor issues</u> that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the Applicant. |
| Level 5 | The Applicant conclusively demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The problems were well defined, the various alternatives were thoroughly discussed, and construction costs were well documented and justified. There were no issues of any significance that were not adequately addressed. |

Statutory Priority #4 - Projects that reflect substantial past efforts to ensure sound, effective long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources.

- Level 1 The applicant did not demonstrate that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, or to resolve its infrastructure problems with local resources.
- ☐ Typically, this level is assigned if the current condition of the system is attributable to grossly inadequate operation and maintenance budgets and poor maintenance practices, and, as a result, has not maintained the system in proper working condition. In addition, the applicant has not adequately taken advantage of other measures that could have improved the situation of the system.
- Level 2 The applicant inadequately demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.
- ☐ Typically, this level is assigned if the applicant appears to have inadequate operation and maintenance budgets and practices that do not appear to be reasonable, which have contributed to the deficiencies that will be resolved by the proposed project. In addition, the applicant has not adequately described how it will ensure that these practices will not be continued.
 - ☐ Typically, this level is assigned if the applicant has reasonable operation and maintenance budgets and practices, but has not documented that it has taken advantage of the various types of planning tools available, such as a capital improvements plan, or the proposed project does not appear to be consistent with the goals and objectives of adopted plans.
 - ☐ Typically, this level is assigned if the applicant recently formed as a County Water and Sewer District to take over the operation of an existing private system.
- Level 3 The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.
- ☐ Typically, the applicant has documented that it has reasonable operation and maintenance budgets and practices, and has generally attempted to maintain the system in proper working condition.
 - ☐ This level may also be assigned if the applicant appears to have inadequate operation and maintenance budgets and practices, but has clearly described how it will ensure that these practices will not be continued. This would especially apply in situations when County Water and Sewer Districts have been formed to take over the operation of a system operated by a county through an RSID. However, the applicant must clearly demonstrate that the problems are not likely to reoccur.
 - ☐ Typically, this level is assigned when the applicant has reasonable operation and maintenance budgets and practices, but has documented that it has only recently started to utilize some of the various types of planning tools available, such as a capital improvements plan, and the proposed project promotes the goals and objectives of those plans.
- Level 4 The applicant strongly demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

- ❑ Typically, the applicant has documented that it has reasonable operation and maintenance budgets and practices, and has generally maintained the system in proper working condition.
- ❑ Typically, this level is assigned when the applicant has documented that it also utilized one or more of the various types of planning tools available, such as a capital improvements plan (CIP), for more than two years, the CIP is actively used and updated regularly, and the proposed project promotes the goals and objectives of those plans.

Level 5 The applicant conclusively demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

- ❑ Typically, the applicant has documented that it has reasonable operation and maintenance budgets and practices, and has generally maintained the system in proper working condition.
- ❑ Typically, this level is assigned when the applicant has documented that it also utilizes multiple forms of the various types of planning tools available, such as a capital improvements plan (CIP), for many years, the CIP is actively used and updated regularly, and the proposed project promotes the goals and objectives of those plans.

Statutory Priority #5 - Projects that enable local governments to obtain funds from sources other than TSEP.

Important Notes

Due to the uncertainty of being able to pass a bond election or create a SID/RID, the score level for this priority may be reduced for any local government that will be required to have a bond election or create a SID/RID and it has not yet taken place. The score level will be less likely to be reduced if the local government can provide reasonable documentation that it will likely be able to pass the bond election or create the SID/RID.

An applicant will not be scored down if it chooses not to include a particular source of funding as part of the financial package, as long as it is adequately discussed and there is reasonable justification for not pursuing the funds.

Level 1 The applicant did not demonstrate that the project would enable the local government to obtain funds from sources other than TSEP. The funding package for the proposed project does not appear to be reasonable or viable, since there are major obstacles that could hinder the applicant from obtaining the funds from the proposed funding sources.

- ❑ Typically, this level is assigned when the applicant does not submit the required financial information that would allow the TSEP staff to adequately evaluate the funding package.
- ❑ This level is also assigned if the funding package does not appear to be viable and it is unclear how the project could move forward.

Level 2 The applicant inadequately demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated limited efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project appears to have problems and may not be viable. There are potentially major obstacles that would hinder the applicant from obtaining the funds from the proposed funding sources.

- ❑ Typically, this level is assigned when the applicant's efforts to examine appropriate funding sources was grossly inadequate, and/or the funding package for the proposed project appears to have numerous potential problems that could affect its viability.

Level 3 The applicant sufficiently demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

- ❑ Typically, this level is assigned when the applicant appears to have a potentially viable funding package, but has not thoroughly examined all of the appropriate funding sources.

Level 4 The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

- ❑ Typically, this level is assigned when the applicant has documented that it has thoroughly examined all of the appropriate funding sources, and appears to have a viable funding package.

Level 5 The applicant conclusively demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources. In addition, the applicant adequately documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward.

- ❑ Typically, this level is assigned when the applicant has documented that it has thoroughly examined all of the appropriate funding sources, appears to have a potentially viable funding package, and it appears that the TSEP funds are vital to the proposed project moving forward. TSEP funding might be considered critical to the project if there are no other reasonable grants or loan sources available to help finance the project. Loans would be considered a reasonable alternative if projected user rates without TSEP funds would still be less than 150% of the target rate, or when property taxes levied for bridges are less than .041% of the MHI and the total property taxes levied are less than 2.67% of the MHI.

Statutory Priority #6 - Projects that provide long-term, full-time job opportunities for Montanans, or that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain or that encourage expansion of the tax base.

Level 1 The applicant did not demonstrate that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement to an area that is residential only, and it does not appear to be necessary for providing any job

opportunities or business development. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

- ❑ Typically, this level is assigned when only residential areas are affected and there is no reasonable potential for economic development other than home-based businesses that do not require the improvements to be made in order to continue to operate or to start-up. (If the improvements are required in order for home-based businesses to continue to operate or to start-up, they must be permitted uses within the residential development. Applicants must clearly demonstrate the necessity for the improvements. These situations will be scored at one of the higher levels based on the specifics of the situation.)

Level 2

The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities (or provide the infrastructure needed for housing that is necessary for an expanding workforce related to a specific business development). The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the (*type*) system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

- ❑ Typically, this level is assigned when both residential and commercial areas would be indirectly benefited, because the project would not directly benefit any specific businesses or directly result in the retention or creation of new jobs.

Level 3

The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities, and cited various businesses that would benefit by the proposed improvements. However, the applicant did not reasonably demonstrate that the proposed project would directly result in the expansion of a specific business, or the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the (*type*) system. The proposed improvements should maintain and possibly add to the tax base if any business expansion occurs.

- ❑ Typically, this level is assigned when the proposed project appears to directly benefit specific businesses, but it has not been adequately demonstrated through documentation that business expansion or the retention or creation of new jobs will result from the infrastructure improvements or that they are dependent upon the infrastructure improvements.

Level 4

The applicant strongly demonstrated that the proposed project is necessary for economic development. The proposed project would provide the infrastructure necessary for the possible expansion of businesses that would likely have a high potential for financial success. The applicant cited a specific business that would be dependent on the proposed improvements being made and provided sufficient documentation to justify this position. However, the applicant did not provide the detailed documentation, such as a business plan, that would demonstrate the viability of the business and that would verify that the proposed project would be necessary for the expansion of a specific business. The business expansion would likely provide specific long-term, full-time job opportunities for Montanans, other than those related to the construction or operation of the (*type*) system. The proposed project would add to the tax base if the business expansion occurs.

- ❑ Typically, this level is assigned when the project would directly benefit specific businesses and would likely result in the retention or creation of new jobs with reasonable certainty, and

the business expansion or new jobs are clearly dependent upon the proposed project. The applicant must reasonably demonstrate through documentation that jobs will be created or retained, or that a business expansion will take place as a result of the infrastructure improvements.

Level 5 The applicant conclusively demonstrated that the proposed project is necessary for economic development. The proposed project is necessary to provide the infrastructure necessary for businesses that have a high potential for financial success and that would provide long-term, full-time job opportunities for Montanans. The applicant provided business plans describing the expansion of a business(es) and provided documentation supporting the probable creation or retention of long-term, full-time jobs. The business plan persuasively demonstrated the viability of the business proposal and verified that the proposed project would be necessary for the expansion of the business to proceed. The proposed project would very likely add to the tax base.

- ❑ Typically, this level is assigned when the project would unquestionably directly benefit specific businesses, would definitely result in the creation of new jobs or is essential to the retention of existing jobs, the business expansion or jobs are clearly dependent upon the proposed project, and the viability of the business proposal has been clearly demonstrated.

Statutory Priority #7 - Projects that are high local priorities and have strong community support.

Level 1 The applicant did not demonstrate that the proposed project is a high priority or has the support of the community. The applicant's efforts to inform the public about the project were grossly inadequate.

- ❑ Typically, this level is assigned to an applicant that has not documented that it held a public meeting within the 12 months prior to submitting the application, or take other actions to inform the public about the project.
- ❑ This level may also be assigned if it appears that there is essentially no public support for the project. This may be demonstrated by a high percent of the applicant's constituency being against the project, or when the public has clearly stated that the proposed user rates would not be acceptable.

Level 2 The applicant inadequately demonstrated that the proposed project is a high priority and has the support of the community. The applicant documented that it held a public hearing or meeting (or the public was reasonably informed about the proposed project in a timely manner), but did not inform the community about the cost of the project and the impact on user rates.

- ❑ Typically, this level is assigned to applicants that held a meeting about the proposed project, but did not adequately document that it informed the public about the estimated costs of the proposed project and the impact per household.
- ❑ This level may be assigned to an applicant even though there was no public meeting if there is sufficient documentation indicating that the public has been informed to a reasonable extent about the proposed project.
- ❑ This level may also be assigned if it appears that there is limited public support for the project; numerous people are against the project and could potentially cause the project to not move forward.

Level 3 The applicant sufficiently demonstrated that the proposed project is a high priority and has community support. The applicant documented that it held at least one public hearing or meeting, and has sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household.

- ❑ Typically, this level is assigned to an applicant that has documented that it held at least one public meeting to inform the public about the proposed project and its estimated cost and the impact per household.
- ❑ Applicants may be assigned this or a higher level if there is sufficient documentation showing that the applicant held at least one meeting and there is a reasonable indication that the applicant provided information about the cost of the proposed project to the public. (This same note also applies to Levels 4 and 5.)

Level 4

The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

- ❑ Typically, this level is assigned to an applicant that has documented that it held multiple public meetings to inform the public about the proposed project and its estimated cost and the impact per household, and has taken additional actions to prioritize its needs and inform the public.

Level 5

The applicant conclusively demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its estimated cost and the impact per household. In addition, the applicant provided documentation to show that the project is clearly a high local priority and strongly supported by the public.

- ❑ Typically, this level is assigned to applicants that has documented that it held multiple public meetings to inform the public about the proposed project and its estimated cost and the impact per household. The applicant has taken a variety of actions to prioritize its needs and ensure the public is well informed about the project. This level is only assigned when the applicant has demonstrated that the proposed project is clearly and strongly supported by the community.